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Nov 01 2018

November 1, 2018

**VIA Electronic Filing**

Ms. M. Lynn Jarvis, Chief Clerk  
North Carolina Utilities Commission  
Dobbs Building  
430 North Salisbury Street  
Raleigh, North Carolina 27603

**Re: Docket No. E-100, Sub 158  
Biennial Determination of Avoided Cost Rates for Electric  
Utility Purchases from Qualifying Facilities – 2018**

Dear Ms. Jarvis:

Pursuant to Federal Energy Regulatory Commission Regulation 18 C.F.R. § 292.302(b)(1)-(3) (2018), which requires electric utilities to file certain avoided cost information with their respective state commissions on a biennial basis, Virginia Electric and Power Company, d/b/a Dominion Energy North Carolina (the “Company”), herein submits the information required by this regulation.

Portions of this filing contain confidential information. Information designated by the Company as confidential qualifies as “trade secrets” under N.C. Gen. Stat. § 66-152(3). Public disclosure of this information would allow access by external vendors to the projected or actual costs for services that will be or have been competitively bid, which may provide commercial value to such external vendors and may ultimately result in harm to ratepayers. Pursuant to N.C. Gen. Stat. § 132-1.2, the Company has redacted this confidential information from the public version of this filing and is contemporaneously filing these confidential pages under seal. The Company will make this information available to other interested parties pursuant to an appropriate nondisclosure agreement.

Ms. M. Lynn Jarvis, Chief Clerk  
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Please do not hesitate to contact me if you have any questions. Thank you for your assistance in this matter.

Very truly yours,

*/s/Andrea R. Kells*

Enclosures

**Avoided Cost Information as Required by 18 C.F.R. § 292.302(b)**  
**Dominion Energy North Carolina**  
**Docket No. E-100, Sub 158**  
**November 1, 2018**

18 C.F.R. § 292.302(b)(1) REQUIREMENT:

The estimated avoided cost on the electric utility's system, solely with respect to the energy component, for various levels of purchases from qualifying facilities. Such levels of purchases shall be stated in blocks of not more than 100 megawatts for systems with peak demand of 1,000 megawatts or more, and in blocks equivalent to not more than 10 percent of the system peak demand for systems of less than 1,000 megawatts. The avoided costs shall be stated on a cents per kilowatt-hour basis, during daily and seasonal peak and off-peak periods, by year, for the current calendar year and each of the next five years.

RESPONSE:

Dominion Energy North Carolina

Average Avoided Energy Cost by Period (cents/kWh)

	On Peak	Off Peak
2019	<b>3.283</b>	<b>2.497</b>
2020	<b>3.083</b>	<b>2.373</b>
2021	<b>3.113</b>	<b>2.452</b>
2022	<b>3.114</b>	<b>2.464</b>
2023	<b>3.090</b>	<b>2.463</b>
2024	<b>3.085</b>	<b>2.461</b>

Source: PROMOD run for avoided energy costs for NC Docket E-100 Sub 158

On-peak hours: May – September Hours ending 12-21

October – April Hours ending 7-12, 18-21

Off-peak hours: All hours not included as On-Peak hours

18 C.F.R. § 292.302(b)(2) REQUIREMENT:

The electric utility's plan for the addition of capacity by amount and type, for purchases of firm energy and capacity, and for capacity retirements for each year during the succeeding 10 years.

RESPONSE:

The Company's 2018 IRP includes the following planned capacity additions and retirements:

Capacity Additions

<u>Unit Name</u>	<u>Type</u>	<u>Planned COD</u>	<u>Summer MW</u>
US-3 Solar Projects	Solar	2020-2021	240
IRP Future Solar	Solar	2020-2030	3,000
CVOW	Off-Shore Wind Project	Jan-2021	11
Generic CT	Combustion Turbine	Jan-2022	458
Generic CT	Combustion Turbine	Jan-2023	458
Generic CT	Combustion Turbine	Jan-2024	458
Generic CT	Combustion Turbine	Jan-2025	458
Generic CT	Combustion Turbine	Jan-2026	458
Generic CT	Combustion Turbine	Jan-2027	458
Generic CT	Combustion Turbine	Jan-2030	458
Generic CT	Combustion Turbine	Jan-2031	458
Generic CT	Combustion Turbine	Jan-2032	458

Retiring Units

Per the Company's 2018 IRP the generators listed below are likely units for retirement. The Company's final decision regarding any unit retirement will be made at a future date. For the purpose of this filing the assumptions regarding generation unit cold storage and retirements are as follows:

Units placed in cold storage -

Bellmeade, Bremono 3 & 4 and Mecklenburg 1 & 2 effective 4/1/2018.

Pittsylvania effective 8/1/2018

Chesterfield 3 & 4 and Possum Point 3 & 4 effective 12/1/2018

Unit Retirements -

Possum Point 5 retiring 5/1/2021

Yorktown 3 retiring 5/1/2022

Purchases

The Company has executed and is awaiting regulatory approval of a 20 year 80 MW Purchase Power Agreement ("PPA") with a solar developer, with an expected in-service timeframe of December 2020.

18 C.F.R. § 292.302(b)(3) REQUIREMENT:

The estimated capacity cost at completion of the planned capacity additions and planned capacity firm purchases, on the basis of dollars per kilowatt, and the associated energy cost of each unit, expressed in cents per kilowatt-hour. These costs shall be expressed terms of individual generating units and of individual planned firm purchases.

RESPONSE:

ESTIMATED CAPITAL AND ENERGY COSTS FOR PLANNED CAPACITY ADDITIONS

The Company has received regulatory approval to build the Greenville County power station which will add approximately 1,588 MW of combined cycle capacity by January 2019. The estimated capital cost is \$837/kW. The first year fuel commodity cost is estimated to be 1.82 cents/kWh.

The Company's IRP includes a 458 MW brownfield CT facility in 2022, and other CTs as shown above. The estimated overnight capital cost is [BEGIN CONFIDENTIAL] [REDACTED] [END CONFIDENTIAL] /kW (2018\$). The first year fuel commodity cost is estimated to be 3.17 cents/kWh.

The Virginia solar additions shown above are expected to be a combination of Company owned resources and NUG contracts. During 2018 the Company requested regulatory approval to build two solar facilities (240 MW total) in Virginia at an average capital cost of \$1,245/kW, net of the ITC and excluding financing costs. The first year fuel cost is 0 cents/kWh.

The overnight installed cost of the CVOW off-shore wind facility is \$25,838/kW, excluding financing costs. The first year fuel cost is 0 cents/kWh.

**CERTIFICATE OF SERVICE**

I hereby certify that copies of the foregoing Information Regarding Avoided Costs as Required by 18 C.F.R. § 292.302(b)(1)-(3), filed in Docket No. E-100, Sub 158, were served electronically or via U.S. mail, first-class postage prepaid, upon all parties of record.

This the 1<sup>st</sup> day of November, 2018.

/s/Andrea R. Kells

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